

# Analysis on the Financial Service Demand of the Elderly under the Background of Population Aging

## A Case Study of Wuhan

Fanghui Wang

School of Literature, Law and Economics  
Wuhan University of Science and Technology  
Wuhan, China

Lan Liu

School of Literature, Law and Economics  
Wuhan University of Science and Technology  
Wuhan, China

**Abstract**—The acceleration of population aging in our country makes the demand for financial market growing. Due to the particularity of the elderly, the existing financial services can not meet the special needs of the elderly. In this paper, through the investigation on the financial needs of the elderly in Wuhan City, it found that the elderly financial needs include diversity of basic pension, exclusive financial management and financial learning, while the supply of financial services in reality is a big gap. Therefore, financial institutions and governments need to work together to develop the elderly financial services, establish and improve the financial services system for the elderly.

**Keywords**—population aging; financial service; demand

### I. INTRODUCTION

China entered the aging society as early as 2000. By 2016, the proportion of the population aged 60 years and over is 16.7% of the total population, and is in a rapid aging stage. In addition, China's aging society still has the following problems: first, the rapid development of population aging. Affected by the China's family planning policy and other factors, population aging is not a gentle process, but a rapid development process; two is not rich first old[1]. Entering the aging society, China's per GDP just over \$1000 is far lower than the developed countries into the aging society of \$5000 to \$10000 per GDP. Last, family size miniaturization. China's family size is becoming smaller, "421" structural family increasingly common. Although China's aging population situation is grim and brings a lot of problems, but the growing number of aging population will bring enormous challenges and unprecedented opportunities to the financial industry from the social demand [2].

### II. CHARACTERISTICS OF FINANCIAL SERVICE DEMAND FOR THE ELDERLY

With the increasing of the total population of the aged, the income of the elderly population is increasing, the retirement age is being delayed, the old people's disposable capital is increasing, the disposable ability is stronger, and the financial needs of the elderly are expanding. But the characteristics of physiological, psychological and socioeconomic status of the elderly people, which are unique to the elderly, make their demand for financial services different from other groups.

#### A. Treat Banks More Rational and Loyal

The thought of the elderly is more conservative, the ability to accept new things is limited, and their behavior habits have strong dependence, and are not easy to be disturbed by external factors. Therefore, the elderly group's demand for banking business generally high, more inclined to choose bank products. The main financial means of old age groups (savings, funds, financial products, etc.) are completed through the bank, the bank is the main choice for the elderly financial management and financial activities. In addition, the elderly acceptance of new financial products is not high, need repeatedly repeat progressive marketing breakthrough. This kind of old people loyal to the bank will not change easily.

#### B. Conservative Financial Management, Stable Growth in Demand for Savings

Most of the elderly investment is the main purpose is to protect their future pension needs, coupled with the prudent consumption of older groups, the investment more emphasis on financial security[3]. Most of the elderly in China on the new financial product acceptance is low, tend to choose lower risk and have a stronger propensity to savings products, such as savings and old-age pension and national debt. They are not interested in new financial products such as stocks and funds. Even if the choice of time deposits, the purchase of government bonds, financial products, investment fund products are mostly short-term behavior[4]. In addition, with the gradual implementation of the policy of "delayed retirement" in our country, the income of the elderly will increase, and the savings demand of the elderly will grow steadily.

#### C. Increasing Demand for Investment and Financing

With the establishment of social security system and the weakening of traditional social consciousness, the proportion of the elderly who own a steady income is growing. The elderly in the financial sector investment potential can not be underestimated. Coupled with assets and increase the elderly financial development, more and more elderly people are willing to change their financial consumer attitudes, many older people began to hold stocks in the stock exchange, often see elderly people squatting on the stock market[5]. In other financial aspects, the elderly generally listen to the views of

relevant financial institutions to invest, they are eager to buy insurance for themselves, but also willing to use their own money on hand for financial investment, and means more and more modern [6].

### III. THE CURRENT SITUATION OF FINANCIAL SERVICE DEMANDS OF THE ELDERLY IN WUHAN

#### A. Investigation and Analysis of Financial Service Demands of the Elderly in Wuhan

According to the Wuhan Municipal Civil Affairs Bureau released in 2016 the city's aging population situation analysis report, to the end of 2016, the proportion of people aged over 60 in the city's population for the first time exceeded 20%, reaching 20.72%. Ranked 30 in the National City rankings. Wuhan is in the period of rapid and accelerated

development of population aging. According to the survey, Wuhan is expected to 2020, will face severe aging, will be more than 2 million of the aging population. The aging of population brings challenges and opportunities to the aged financial service industry.

The author randomly selected 250 elderly people in Wuhan to carry on the questionnaire survey, in which the effective number of questionnaires was 205, the effective rate of the questionnaire was 82%. According to the feedback of the collected questionnaires, the paper summarizes the financial service needs of the elderly in Wuhan, which are divided into the following categories.

#### 1) Basic pension needs.

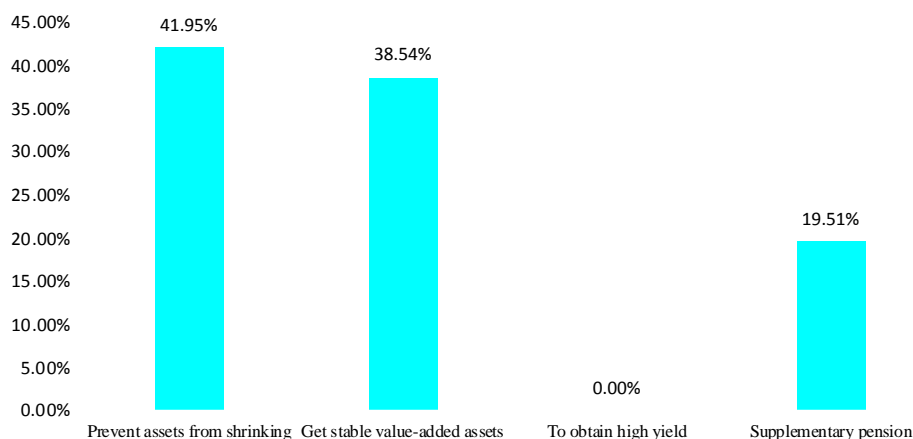


Fig. 1. The motivation of the elderly in Wuhan city financial services.

From the survey results, we can see that the elderly financial motivation is not in order to obtain high investment income, the elderly are the main purpose is to prevent the existing financial assets shrink, indicating that they have been aware of the existing funds rose significantly in how feeble inflation in the tide, also gradually in the pursuit of "money", and to get the stable value of assets. In addition,

19.51% of the elderly financial incentive is to supplement pension.

2) *Exclusive financial needs.* In the recovery of 205 valid questionnaires, 40% thought the elderly financial management is very necessary, another 60% thought that the elderly financial management have certain effect, we can see that the elderly are now more emphasis on financial management.

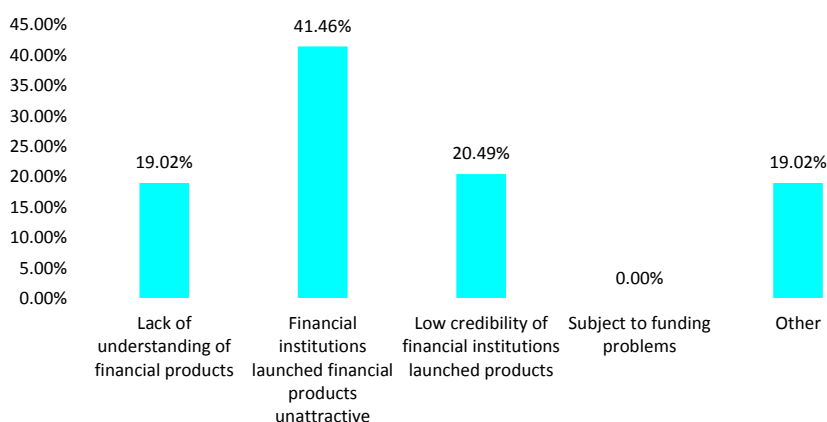


Fig. 2. Wuhan elderly people have not yet purchased financial products.

But at the same time, can be seen from the survey results, not for financial management of the elderly is not trapped in a money problem, nearly half of the elderly because of financial

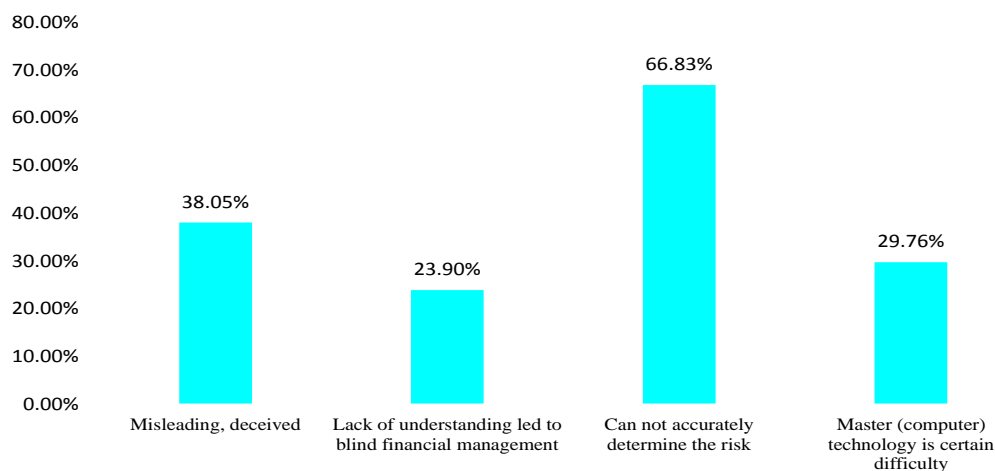


Fig. 3. Easy to appear in the process of financial problems.

Survey data show that 66.83% of the elderly due to lack of experience and cannot accurately judge the risk of financial products to cause the failure of finance, 38% of the elderly vulnerable to misleading, 23.9% of the elderly do not understand while the blind financial management, another 29.76% of the elderly because of the lack of PC knowledge and emerge the financial difficulties. To adapt to new things in the elderly relative lag, the financial knowledge learning is imminent[7].

#### B. The Problems of the Financial Service Demand of the Elderly in Wuhan

According to the analysis of questionnaire results and investigations on the part of the elderly and the part of the bank, the financial needs of the elderly in Wuhan city was the major cause of the insufficient suppression from the financial services and financial security are[8]:

1) *Lack of Human Consideration.* Most of the elderly people surveyed showed that the elderly themselves are slow to move, vision and hearing loss, poor memory, slow to accept new things and have others physiological problems. The elderly in banks, insurance companies and other financial institutions to handle business often trapped in their own physical problems, a lot of the elderly said, even if wearing glasses to see clearly the words on the file there are some difficulties. Financial institutions lack of humanization, convenience and convenient facilities of the elderly.

2) *Products and Services Targeted Is Weak, the Low Level of Professional Services.* Through the survey can be found that many elderly people are facing financial difficulties. The face of massive financial products, which for the elderly exclusive financial products is not much. In addition, the lack of knowledge of financial management of the elderly, often do not understand, not accurately determine the risk or improper choice of financial products led to

institutions to launch products lack of pertinence, reflects the elderly demand for its exclusive products.

#### 3) Financial learning needs.

financial failure. So, many unknown the truth of the elderly, will have extra money to some socially insecure "investment company" in order to get high profits, but the results have backfired. The author consulted several banks, have said there is no relevant services for the elderly population requirements, in addition to other financial institutions outside the bank, for the elderly to provide financial literacy, business consulting and guidance in the professional services level is relatively low.

3) *The Legal System Is Imperfect, Financial Risk Is Difficult to Prevent.* The elderly as a special group of people in financial services, criminals easy to use its lack of financial knowledge, the characteristics of the risk prevention consciousness is weak for financial fraud. In this survey, the majority of the elderly have been deceived, old disputes and the resulting litigation is also increasing, but our old financial consumer protection system construction and resource protection is not perfect, the elderly of the legal protection of financial investment rights is still relatively weak. According to the latest Law of the People's Republic of China on the Protection of the Rights and Interests of the Elderly in 2015, the principle of guiding the economic rights and interests of the elderly has been provided, but there is no feasible way to implement it. It is not conducive to the financial investment of the elderly.

#### IV. RESEARCH ON THE COUNTERMEASURES OF FINANCIAL SERVICE FOR THE ELDERLY

##### A. Countermeasures of Commercial Banks

1) *Improve Service Level, Improve Network Facilities.* Bank employees ideological education should be strengthened, and gradually eliminate customers ignore and perfunctory attitude of the age. For the elderly physiological problems to provide the appropriate hardware facilities, while providing

elderly convenience services, for example, banks can set up a special window for elderly services, when the elderly business, providing escort services. To take care of the physical condition of the elderly, to optimize the speed of financial services and to reduce the waiting time for the elderly to wait in line[9]. It is also possible to set up a franchise for the elderly, with specialized financial practitioners, and to provide exclusive financial services to older persons in more specialized fixed locations. Physically inconvenient for the elderly, can provide on-site service to solve the elderly can not go to the bank for business problems.

2) *Establish and Improve the Financial Education Mechanism for the Elderly.* Due to the low level of education of most of the elderly customers, lack of financial knowledge. Banks can through the organization of regular staff into the community nursing homes, the elderly more places, know the needs of financial services for the elderly, and develop the financial knowledge of science activities, on-site to answer questions in elderly people[10]. Banks can also carry out financial knowledge seminars and financial product briefings for the elderly customers, through direct contact with the elderly customers to improve the financial knowledge of older customers.

3) *Development of Exclusive Financial Products for the Elderly.* Banks are the most trusted financial institutions for the elderly. They should grasp the market opportunities brought about by the aging of our country, develop exclusive financial products to meet the needs of the elderly, and attract the financial investment of the elderly. Some banks have already foresighted. For example, CITIC Bank, according to the needs of middle-aged customers and investment and financial characteristics, launched the "Xin Fu Nianhua card" stable financial product portfolio. At the same time, "Xin Fu Nianhua card" also with the Chinese Hospital Association launched "exclusive registered line", for old customers to provide more than 40 cities in China and more than 160 hospital experts make an appointment for medical treatment service[11]. In addition, a number of commercial banks have begun to focus on the design of financial products for the elderly, covering product customization, health management, property protection and legal advisers to meet the special needs of older customers. Through the cooperation with the hospital, to provide health management and medical services programs, such as for the elderly to provide one to two times a year in all directions of physical health services, integrated medical value-added services. The author thinks that in the development of financial products for the elderly, the banks need to take care of the cognitive ability of the elderly, as little as possible to use difficult to understand the professional vocabulary, and as much as possible list of possible risks of wind banking.

#### B. Countermeasures of Insurance Company

1) *To Enhance the Personal Commercial Insurance Alternative.* The advent of China's aging society provides

new opportunities for the insurance industry, more and more old people will choose insurance as guarantee in a financial measures and pension[12]. As the elderly have a high risk of illness, insurance companies will greatly increase the insurance premiums of the elderly, which causes the insurance companies do not want to operate old-age insurance and the elderly do not want to insure. Insurance companies can increase demand and risk diversification through comprehensive insurance. Focus on the elderly pension, medical, accident and aged care problems, at the same time can be combined with other young members of the family responsibility insurance or elderly risks associated with part of the family property liability insurance breed. In addition, the insurance company can according to the needs of the elderly to develop innovative insurance, for example, Ping An Property Insurance launched of the "the elderly anti-cheat treasure"[13], the elderly in the insurance period due to fraud and its funds were transferred or remittance transactions, after confirmed by the police, the elderly only need to provide the appropriate bank transactions, Ping An Property Insurance will be in accordance with the contract of insurance to compensate for the elderly.

2) *Take An Active Part in Retirement Community Construction.* In the aging society, the demand for the aged service is increasing day by day. The insurance company plays an important role in the establishment of the old-age service system. At present, China is in the second stage of institutional pension, and gradually to the home-based pension of the third phase of the transition. In recent years, the home care community as the main model, by the insurance institutions to invest in the construction of membership or resort-style home care community as the industry's development direction[14]. At the same time of developing commercial endowment insurance, pension property project become the main products of the docking of endowment insurance. The pension community has become the major insurance companies compete for the "cake." China Taiping Insurance in Shanghai set up a Taiping Pension Industry Investment Co., Ltd., the first domestic pension community in 2014 in Shanghai construction, intends to invest 2 billion yuan. China Life insurance, Taikang Life Insurance and other insurance companies have also been involved in the pension community construction.

#### C. The Establishment of the Legal System to Protect the Rights and Interests of the Elderly

This year, the old dispute occurred frequently happened after purchase of products, due to China's current financial protection for the consumption mechanism is not perfect, the elderly financial investment rights are often difficult to guarantee.

In order to ensure that financial institutions can be fair to the elderly, can learn from other countries and regions of the relevant laws and regulations[15]. At the same time, on the basis of the foreign good practice, combining with China's national conditions and the development of the financial

industry, we will continue to strengthen the system construction and resources protection of the old financial consumer protection. The first is to establish or designate specialized organizations and coordination of the elderly financial consumer protection sector; the second is in the development or revision of relevant financial regulations, for the elderly financial consumers own characteristics, detailed protection provisions.

## V. CONCLUSION

In conclusion, at present China's aging population situation is grim, the elderly financial demand continues to increase, whether commercial banks or insurance companies, financial services infrastructure and service system existing has been unable to meet the needs of the elderly, the social phenomenon of this kind of supply and demand imbalance are very common problems to be solved, the old financial services. Population aging is a challenge, but also opportunities, financial services industry should seize this opportunity to actively innovation, building a more perfect system of financial services, for the elderly to provide more high-quality financial services, to seek more development space for their own.

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